Capital
Pension Plan

2010

Annual Report

MISSION

We are a professionally managed, service oriented defined contribution pension plan committed to helping our members and retirees build and manage their retirement savings.

VISION

To be the preferred pension plan for members, employers and retirees.

VALUES

The Capital Pension Plan is committed to integrity and professionalism in dealing with all stakeholders through prudent leadership, innovation and open, effective communication.

Table of Contents

Message from the Chair 2
Capital Pension Plan Overview 3
Plan Governance 4
Pension Board and Committees 5
Plan Administration 6
Membership Demographics 7
Defined Contribution Fund 8
Retirement Annuity Fund 11
Balanced Scorecard 15
Three Year Performance Plan 19
Service Providers 22
Benchmarks 23

Financial Statements

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Message from the Chair 2
Capital Pension Plan Overview 3
Plan Governance 4
Pension Board and Committees 5
Plan Administration 6
Membership Demographics 7
Defined Contribution Fund 8
Retirement Annuity Fund 11
Balanced Scorecard 15
Three Year Performance Plan 19
Service Providers 22
Benchmarks 23

Financial Statements

Message from the Chair

As Chair of the Capital Pension Plan Pension Board, I am pleased to present the Annual Report and audited Financial Statements for the year ending December 31, 2010.

The positive momentum from 2009 continued into 2010 as economic growth returned to the U.S. and Canada. There were a few bumps and some feared a 'double dip recession' as sovereign debt issues surfaced in several European countries and inflationary fears in China threatened market gains, but news was more encouraging by the fourth quarter. In Europe, the debt crisis was dealt with by the European Union and the International Monetary Fund. In China, the government imposed measures to mitigate inflationary concerns.

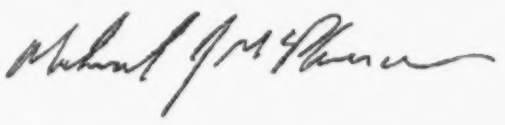
In October, the unit value for the Capital Pension Plan's Diversified Fund had regained the investment losses incurred in the market downturn as the unit value surpassed its previously recorded high from May 2008. The Diversified Fund ended 2010 with an annual return of 10.48%, net of all investment management and administrative expenses. While 2010 saw stronger equity market performance, low interest rates continued to plague the performance of money-market investments. The Capital Pension Plan's Pre-Retirement Fund recorded an annual return of 0.34%, net of all investment management and administrative expenses. The Capital Pension Plan's management expense ratio (MER) for 2010 was 0.40%, which continues to be very low compared to retail investment funds.

During 2010, the Plan conducted 13 Retirement Primer Information sessions throughout Saskatchewan. A total of 204 Plan members attended, representing an 86% increase from 2009 attendance. An overall satisfaction score of 87.5% was provided for these sessions.

The Retirement Annuity Fund court application moved very slowly in 2010. On June 14, the Plan member that filed the appeal made application to be appointed by the court as a representative on behalf of all members or former members of the Plan who were not employed by a contributing employer as of January 1, 1994, and who were therefore not entitled, according to the Court's ruling, to a share of the surplus. The Court dismissed this application, ruling that it should first be brought before the original Judge who heard the case. On November 1, the Court Application went ahead before the original Judge. The Court did not make a final ruling on the point, and was not prepared at that time to appoint the appellant as representative. The Judge encouraged the parties to discuss further amongst themselves whether there was a way in which the issue could be resolved without further Court proceedings. Discussions and proceedings will continue in 2011.

I would like to take this opportunity to thank my fellow Board members for their service to the Capital Pension Plan. I also wish to thank the Capital Pension Plan administration staff for their hard work and dedication to the Plan as we continue our efforts to be the preferred pension plan for members, employers and retirees.

Micheal McPherson
Chair, Capital Pension Plan Board



Capital Pension Plan Overview

The Capital Pension Plan ("the Plan") was established in 1976 as a defined contribution (money purchase) pension plan. The Plan's purpose is to provide employers with a cost and tax effective method of providing their employees with a means to systematically save for retirement.

The Capital Pension Plan can consider any employer interested in participating in the Plan. Participating employers can determine the eligibility criteria for their employees to become contributing members of the Plan, pursuant to relevant legislative and regulatory requirements. The Plan currently has more than 60 participating employers, including Crown corporations, private corporations, labour unions and other selected organizations.

Participating employers and contributing members make required contributions, based on a percentage of earnings, subject to an annual maximum contribution limit set by the Canada Revenue Agency. All member and employer contributions made on behalf of a member are directed to an individual account in the member's name. These contributions are invested and accrue investment earnings over time.

At retirement, members use the cumulative value in their Capital Pension Plan account to provide retirement income through various retirement income options as permitted in each jurisdiction (provincial or federal). The Capital Pension Plan operates two such options, as permitted by the *Income Tax Act* (Canada). All members have the opportunity to receive guaranteed lifetime income by establishing a life annuity contract with the Capital Pension Plan's Retirement Annuity Fund. Plan members within the Saskatchewan jurisdiction have the opportunity to receive flexible retirement income by establishing a Variable Benefit with the Capital Pension Plan.

Plan Governance

The Plan Sponsor for the Capital Pension Plan is Crown Investments Corporation of Saskatchewan (CIC). CIC is responsible to hold the Plan's funds in trust for the benefit of its members and any person entitled to benefits pursuant to the Plan. CIC is also responsible for the overall management of the pension plan in accordance with applicable laws, the terms and conditions of the Plan and its governance structure and processes.

CIC appoints the Pension Board to act on its behalf to facilitate the operation of the Plan. The Capital Pension Plan Board composition is between five (5) and ten (10) persons, nominated by the twelve (12) largest participating employers of the Plan as determined by active Plan membership. All Board members must be active (i.e. contributing) members of the Plan. Board members must possess characteristics and traits of integrity, accountability, informed judgement, financial literacy, mature confidence and commitment. Compensation for service on the Capital Pension Plan Board is restricted to reimbursement of actual costs and reasonable expenses for attending to Board business. Board meetings are held at least once per fiscal quarter, with additional meetings for approval of financial statements, the annual report and a planning retreat for the upcoming year. In camera sessions are conducted at each meeting.

The Pension Board establishes Committees to handle Board business. Each Committee comprises three current pension board members. The Chair serves as an ex-officio member of each Committee. Committee meetings are conducted approximately ten (10) days prior to each Board meeting. At these meetings, Committee members review and discuss Board material so they may facilitate informed discussion and make recommendations regarding a course of action to the Pension Board. Committees have no authority to make binding decisions or incur expenses unless the Pension Board provides prior approval.

The Pension Board and Committees hire industry professionals such as a custodian, investment consultant, investment managers and actuary to provide their expertise. Investment of the Plan's assets is delegated to professional investment managers under the supervision of the Pension Board.

Pension Board and Committees

Micheal McPherson, Chair
Saskatchewan Housing Authorities

Cindy Ogilvie
Crown Investments Corporation of Saskatchewan

Edward Helm
Saskatchewan Government Insurance

Tim MacLeod
Saskatchewan Government Insurance

David Olsen
ISM Canada

Gordon Dolney
Yara Belle Plaine Inc.

Carla Brown
Crown Investments Corporation of Saskatchewan

Keith Appleton
Saskatchewan Abilities Council

Blaine Pilatzke
Saskatchewan Gaming Corporation

Audit Committee
Cindy Ogilvie (Committee Chair)
Edward Helm
vacant

Investment Committee
David Olsen (Committee Chair)
Carla Brown
Gordon Dolney

Governance Committee
Tim MacLeod (Committee Chair)
Keith Appleton
Blaine Pilatzke

Plan Administration

The Plan Sponsor (Crown Investments Corporation of Saskatchewan) has appointed the Executive Director of its Capital Pension & Benefits Administration (CPBA) division as Plan Administrator. The Plan Administrator handles the overall management, administration and day to day operation of the Plan in accordance with applicable laws and the terms and conditions of the Plan. The Plan Administrator makes application for the registration of the Plan and any amendments thereto with the appropriate authorities.

The Plan Administrator has the responsibility to carry out its duties with honesty and in good faith in the best interest of Plan members and any other person(s) to whom a fiduciary duty is owed. The Plan Administrator ensures administrative procedures and regulations are in compliance with applicable laws and the terms and conditions of the Plan.

The Plan Administrator also provides assistance to the Pension Board and makes recommendations concerning the Plan's annual budget.

Ken Klein
Executive Director

Stanley Jones
Director, Pensions

Christine Taylor
Manager, Group Benefits

Cheryl Viala
Manager, Communications,
Research & Development

Brad Hunt
Manager, Accounting and Administration

Laura Thompson
Staff Accountant

Sharon Strueby
Staff Accountant

Arlene Stinson
Executive Secretary

Tracy Mack
Pension & Benefits Coordinator

Membership Demographics

The Plan's membership can be categorized into three groups:

Active members are those members that are currently employed with a participating employer and on whose behalf regular contributions to the Plan are made.

Inactive members are those vested members that are no longer employed with a participating employer, but choose to remain with the Capital Pension Plan.

Retirees are those members that choose to receive retirement income through a retirement income option provided by the Plan. The Capital Pension Plan offers two retirement income options. All Plan members can receive lifetime retirement income through the Retirement Annuity Fund. Beginning in May 2007, members within the Saskatchewan jurisdiction can choose to receive flexible retirement income through a Variable Benefit retirement income option.

The Capital Pension Plan continues to experience modest membership growth as participating employers acquire new employees while many departing employees that are vested choose to remain with the Plan as inactive members. Many Plan members also choose to remain with the Capital Pension Plan during retirement through the Variable Benefit and Retirement Annuity Fund retirement income options.

The Plan has the capacity to expand membership and continues to enact policies to meet the needs of Plan members and participating employers.

Age demographics are an important consideration when setting an investment strategy. The membership of the Capital Pension Plan remains relatively young and, as a result, the asset mix of the Plan's default investment fund (the Diversified Fund) contains a bias towards equity holdings, with moderate investment risk. Members who are within five years of their earliest possible retirement date and members participating in the Variable Benefit may choose to decrease their risk exposure by participating in the Pre-Retirement Fund. The Pre-Retirement Fund is designed to preserve capital in the short-term.

Analysis of the Plan's age demographics shows contrasting trends. Total membership is growing with the addition of younger members but not in adequate numbers to offset the trend towards an aging membership. The largest group of Plan members is between ages 45 and 54 and poised to transition into retirement.

The Plan monitors its membership demographic trends to ensure the investment strategies continue to meet the needs of Plan members.

Membership Demographics
(December 31)

Defined Contribution Fund

Contributions from participating employers and contributing members are deposited to the Plan's Defined Contribution Fund. Within this Fund, the Plan operates two investment funds -- the Diversified Fund and the Pre-Retirement Fund. The Plan operates on a cost-recovery basis with actual expenses deducted from earnings prior to the calculation of each weekly unit value. For comparison and communication purposes, a management expense ratio (MER) is calculated by dividing the total cost of administration by the year end market value.

Defined Contribution Fund Asset Mix, Investment Managers and Benchmarks
(December 31)

	Asset Mix @ December 31, 2010	Investment Manager(s)	Benchmark(s)
Diversified Fund	Canadian Equities 22.9%	Greystone Managed Investments Inc. Connor, Clark & Lunn Investment Management Ltd.	S&P/TSX Index
	U.S. Equities 20.1%	Greystone Managed Investments Inc. State Street Global Advisors	S&P 500 Index S&P 500 Index (hedged to $C) S&P 400 Index (hedged to $C)
	Non-North American Equities 18.6%	Greystone Managed Investments Inc.* Tweedy Browne LLC	MSCI EAFE Index
	Bonds 30.2%	Greystone Managed Investments Inc. State Street Global Advisors	DEX Universe Bond Index
	Real Estate 4.5%	Greystone Managed Investments Inc.	IPD Index
	Short-term/cash 3.7%	Greystone Managed Investments Inc.	91-day T-Bills

* Greystone Managed Investments Inc. sub-contracts their Non-North American equity investments between Goldman Sachs Asset Management (quantitative mandate) and Handsberger Global Investors (growth mandate).

	Asset Mix @ December 31, 2010	Investment Manager(s)	Benchmark(s)
Pre-Retirement Fund	Short-term Investments 100%	Greystone Managed Investments Inc.	91-day T-Bills

Defined Contribution Fund Administrative Expenses
(December 31)

($C thousands)	**2010**	2009	2008	2007	2006
Investment Management Fees	**2,487**	2,031	2,487	2,682	2,240
General Administration	**1,346**	1,351	1,340	1,289	1,071
Total	**3,833**	3,382	3,827	3,971	3,311
Management Expense Ratio	**0.40%**	0.38%	0.50%	0.43%	0.37%

Defined Contribution Fund

Defined Contribution Fund 1-year and 4-year Annualized Gross Performance
(December 31)

Diversified Fund

	1-year Return			4-year Annualized Return		
	Fund Performance	Benchmark	Quartile	Fund Performance	Benchmark	Quartile
Canadian Equities - Combined	**18.4%**	**17.6%**	**1**	**3.2%**	**4.0%**	**3**
Greystone Managed Investments Inc.	18.1%	17.6%	2	2.1%	4.0%	4
Connor, Clark & Lunn Investment Management Ltd.*	18.7%	17.6%	1	n/a	n/a	n/a
U.S. Equities - Combined	**15.7%**	**9.1%**	**1**	**-1.7%**	**-4.7%**	**1**
Greystone Managed Investments Inc.	13.9%	9.1%	1	-2.5%	-4.7%	1
State Street Global Advisors (Large cap mandate)	13.4%	13.6%	1	-3.1%	-2.8%	1
State Street Global Advisors (Mid-cap mandate)	26.8%	26.5%	1	1.9%	2.1%	1
Non-North American Equities - Combined	**5.6%**	**2.1%**	**2**	**-3.9%**	**-6.5%**	**1**
Greystone Managed Investments Inc. (EAFE Plus mandate)	3.0%	2.1%	3	-5.4%	-6.5%	M***
Greystone Managed Investments Inc. (Quantitative mandate)**	2.4%	2.1%	3	-6.9%	-6.5%	4
Greystone Managed Investments Inc. (Growth mandate)**	4.0%	2.1%	3	-3.9%	-6.5%	1
Tweedy Browne LLC	7.0%	2.1%	1	-2.1%	-6.5%	1
Bonds - Combined	**7.4%**	**6.7%**	**2**	**5.9%**	**5.6%**	**2**
Greystone Managed Investments Inc.	7.8%	6.7%	1	6.0%	5.6%	1
State Street Global Advisors	6.8%	6.7%	3	5.8%	5.6%	2
Real Estate, Combined****	**8.4%**	**7.8%**	**n/a**	**9.6%**	**6.5%**	**n/a**
Greystone Managed Investments Inc. (Pooled fund)*	8.6%	7.8%	n/a	n/a	n/a	n/a

Pre-Retirement Fund

	1-year Return			4-year Return		
	Fund Performance	Benchmark	Quartile	Fund Performance	Benchmark	Quartile
Greystone Managed Investments Inc.	0.5%	0.5%	4	2.3%	2.2%	3

* As of December 31, 2010, 4-year annualized returns could not be evaluated for Connor, Clark & Lunn (Canadian equities mandate) or Greystone Managed Investments Inc. (Real Estate Pooled fund mandate) since the mandates began less than 4 years prior.
** Greystone Managed Investments Inc. sub-contracts their Non-North American equity quantitative mandate with Goldman Sachs Asset Management and their growth mandate with Hansberger Global Investors.
*** A quartile rating of "M" indicates performance ranked at the median.
**** The Hewitt Manager Universe does not include quartile performance for real estate investments.

Defined Contribution Fund

Defined Contribution Fund Net Assets Available for Benefits
(December 31)

($C thousands)	**2010**	2009	2008	2007	2006
Increase in Assets					
Employer Required Contributions	**16,619**	16,251	15,002	14,134	12,906
Member Required Contributions	**14,165**	13,891	12,712	12,011	10,790
Member Voluntary Contributions	**2,269**	2,182	1,798	1,645	1,062
Transfers into the Fund	**2,721**	3,819	5,707	5,571	3,075
Investment Gain (Loss)	**52,922**	35,912	(14,472)	95,619	67,405
Net unrealized Gain (Loss) in Market Value	**38,161**	72,900	(123,517)	(64,064)	40,150
	126,857	144,955	(102,770)	64,916	135,388
Decrease in Assets					
Investment Management Fees	**2,487**	2,031	2,487	2,682	2,240
General Administration	**1,346**	1,351	1,340	1,289	1,071
Withdrawals/Transfers Out	**42,700**	31,066	41,452	37,939	50,449
	46,533	34,448	45,279	41,910	53,760
Net Change in Assets	**80,324**	110,507	(148,049)	23,006	81,628
Net Assets Available (beginning of year)	**882,034**	771,527	919,576	896,570	814,942
Net Assets Available for Benefits	**962,358**	882,034	771,527	919,576	896,570

Defined Contribution Fund Net Annual Returns
(December 31)

	2010	2009	2008	2007	2006
Diversified Fund	10.48%	14.83%	-16.10%	3.09%	13.64%
Pre-Retirement Fund	0.34%	0.47%	3.17%	4.12%	3.53%

Defined Contribution Fund Net Compound Returns
(December 31)

	1 year	2 years	3 years	5 years	10 years
Diversified Fund	10.48%	12.64%	2.10%	4.51%	5.54%
Pre-Retirement Fund	0.34%	0.41%	1.32%	2.31%	2.88%

Retirement Annuity Fund

The Retirement Annuity Fund (RAF) provides lifetime retirement annuities to Plan members that choose to receive retirement income through the purchase of a life annuity. When a member purchases a life annuity from the Plan, the member's equity is transferred from the Defined Contribution Fund to the Retirement Annuity Fund and an annuity contract is established based on the current annuity interest rate and group mortality tables. The contract provides for guaranteed lifetime income.

A management expense ratio (MER) is not calculated for the Retirement Annuity Fund. Once an annuity benefit is established on behalf of an annuitant, that benefit is not impacted by Fund expenses. Rather, an expense assumption equal to 2.5% of the net market value of assets is used in the actuarial valuation. This assumption approximates the present value of cumulative future expenses expected to be incurred by the Retirement Annuity Fund in respect of current annuitants.

Retirement Annuity Fund Asset Mix, Investment Managers and Benchmarks
(December 31)

	Asset Mix @ December 31, 2010	Investment Manager(s)	Benchmark(s)
Retirement Annuity Fund	Canadian Equities 5.2%	Greystone Managed Investments Inc.	S&P/TSX Index
	Non-North American Equities 0.4%	Greystone Managed Investments Inc.*	MSCI EAFE Index
	Bonds 72.9%	Greystone Managed Investments Inc.	DEX Long-Term Bond Index
	Short-term/Cash 21.5%	Greystone Managed Investments Inc.	91-day T-Bills

* Greystone Managed Investments Inc. sub-contracts their Non-North American equity investments between Goldman Sachs Asset Management (quantitative mandate) and Handsberger Global Investors (growth mandate).

Retirement Annuity Fund Administrative Expenses
(December 31)

($C thousands)	**2010**	2009	2008	2007	2006
Investment Management Fees	**41**	39	39	40	42
General Administration	**102**	97	85	87	105
Total	**143**	136	124	127	147

Retirement Annuity Fund

Retirement Annuity Fund Net Assets Available for Benefits
(December 31)

($C thousands)	**2010**	2009	2008	2007	2006*
Increase in Assets					
Transfers from Defined Contribution Fund	**758**	489	2,078	316	1,521
Investment income	**1,545**	1,897	1,893	2,087	2,438
Gain (Loss) on sale of investments	**(37)**	(46)	215	3,677	58
Net Unrealized Gains (Losses)	**1,823**	(629)	(660)	(3,578)	415
	4,089	1,711	3,526	2,502	4,432
Decrease in Assets					
Annuity payments	**2,191**	2,228	2,278	2,265	2,160
Administrative expenses	**143**	136	124	127	147
Increase (decrease) in provision for annuity benefits	**1,148**	2,241	(2,464)	(2,649)	462
Provision for payment to members of the Fund	**39**	49	242	283	480
	3,521	4,654	180	26	3,249
Change in Net Assets	**568**	(2,943)	3,346	2,476	1,183
Net Assets Available (beginning of year)	**11,691**	14,634	11,288	8,812	7,629
Net Assets Available for Benefits	**12,259**	11,691	14,634	11,288	8,812

* restated at market value

Retirement Annuity Fund

Extract from annual Actuarial Valuation for the Retirement Annuity Fund,
prepared by AON Hewitt as at December 31, 2010

Section 3: Actuarial Opinion and Representations

Actuarial Opinion

With respect to the Capital Pension & Benefits Administration Retirement Annuity Fund I have prepared an actuarial valuation as at December 31, 2010 for the purpose of determining the necessary actuarial information for financial statement reporting in accordance with Section 4100 of the CICA Handbook. In my opinion, for the purpose of this actuarial valuation:

- the data on which this valuation is based are sufficient and reliable;
- where applicable, the assumptions have been adopted as management's best estimates for accounting purposes and consequently I have not rendered an opinion on them; however, in my opinion, the assumptions are, neither unreasonable nor inconsistent with the guidance established by the CICA and the auditor, when considering the circumstances of the fund and the purpose of the valuation;
- the actuarial cost methods, asset valuation methods and extrapolation methods employed are appropriate; and
- the valuation and extrapolation conform with the requirements of Section 4100 of the CICA Handbook.

Nonetheless, emerging experience differing from the assumptions will result in gains or losses which will be revealed in subsequent valuations.

Representations to the Auditor

The following statements are made in connection with the use of the results of our December 31, 2010 actuarial valuation for CICA Section 4100 statement reporting purposes as evidence for the audit of the fund's financial statements as at December 31, 2010 by the external auditors.

- Aon Hewitt has been engaged by Capital Pension & Benefits Administration as the valuation actuary for the Retirement Annuity Fund to prepare an actuarial valuation as at December 31, 2010 for CICA Section 4100 statement reporting purposes and I confirm that the valuation performed at this date is in accordance with the requirements of Section 4100.

Retirement Annuity Fund

Extract from annual Actuarial Valuation for the Retirement Annuity Fund,
prepared by AON Hewitt as at December 31, 2010

Section 3: Actuarial Opinion and Representations

- I confirm that I am a Fellow in good standing with the Canadian Institute of Actuaries (CIA).
- I confirm that I have no interest or relationship with the fund or the fund's sponsor that would impair the objectivity of the work prepared in respect of this engagement.
- The fund is a defined benefit plan as defined by Section 4100 of the CICA Handbook.
- I confirm that the December 31, 2010 actuarial valuation has been performed in accordance with the standards of the Canadian Institute of Actuaries.
- I confirm that the December 31, 2010 actuarial valuation has been performed using management's best estimate assumptions as described in Appendix C and a statement of my opinion on these assumptions in accordance with CIA standards is contained above under *Actuarial Opinion*. These actuarial assumptions were developed as management's best estimates based on input from Aon in relation to long-term economic and demographic expectations.
- In preparing the December 31, 2010 actuarial valuation, I have adopted a materiality guideline that is no greater than 1% of the total actuarial liability at the measurement date.
- I have performed procedures to satisfy myself of the accuracy and completeness of the source data in light of the specified level of materiality.
- I have relied upon Capital Pension & Benefits Administration to advise me of any plan changes and events that have occurred up to the date of this report. Based on discussions with them, I confirm that I am not aware of any events occurring subsequent to December 31, 2010 and prior to the date of this report that would have a material effect on the valuation results.
- I confirm that I am aware that Capital Pension & Benefits Administration's external auditors are KPMG LLP and that they intend to use the work summarized in this report as audit evidence.

Donald L. Ireland
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
January 28, 2011

Balanced Scorecard

Capital Pension Plan Balanced Scorecard Perspectives

Performance measurement and reporting for the Capital Pension Plan is accomplished by utilizing the Balanced Scorecard framework. The following five perspectives represent the roles that the Plan must fulfill in order to be successful:

Financial Perspective
The Financial perspective recognizes that the Plan is a defined contribution plan (i.e. money purchase) and the financial performance has a direct impact on members' ability to build and manage their retirement savings. The assets of the Plan are invested by professional investment managers who are provided specific investment mandates.

Customer Perspective
The Customer perspective challenges the Plan to provide its members and employers with a service oriented approach, a commitment to integrity and professionalism and to provide open and effective communication that allows the Plan to become the preferred pension plan for members and employers.

Growth and Innovation Perspective
The Growth and Innovation perspective challenges the Plan to grow by the amount of net assets under management, the number of plan members and the number of participating employers. This is to be accomplished by assembling a service oriented team, knowledgeable about the pension industry, including new trends and innovative pension programs.

Internal Resources and Processes Perspective
The Internal Resources and Processes perspective challenges the Plan to provide its staff with opportunities to develop and expand their knowledge of the pension industry through relevant publications and training opportunities. The Plan empowers staff to make decisions within established policies and promotes a professional service oriented team approach for dealing with stakeholders. The Plan Administrator provides strategic direction to the Plan and ensures its operations are transparent.

Accountability Perspective
The Accountability perspective challenges the Plan to ensure the fiduciary responsibility is upheld concerning member equity and that internal controls are in place to ensure the integrity of the Plan.

Balanced Scorecard

Financial Perspective

Strategic Objective	Performance Measure	2010 Target	2010 Results	2009 Results
Acceptable risk	Investment managers are in compliance with the investment strategies as per SIP&G	Zero significant compliance issues	Met	Met
	Independent actuary verification of RAF immune to change in interest rates and long-term solvency	Bond portfolio duration to actuarial liability duration ratio > 1	Met	Met
		Solvency ratio > 1	Met	Met
Acceptable investment returns	Review and report on performance for Diversified Fund and Pre-Retirement Fund in relation to benchmarks	Gross fund return is equal to or greater than benchmark return over rolling 4-year periods	Met	Met
		Diversified Fund real rate of return > 3% above CPI over rolling 10 years	Met (see Note A)	Met
	Review and report performance of Diversified Fund, Pre-Retirement Fund and Retirement Annuity Fund by individual Fund manager and by asset class in relation to benchmarks	Gross return of investment manager by asset class is equal to or greater than benchmark return by asset class over rolling 4-year periods	Not Met (see Note B)	Not Met (see Note C)
	Analyze and recommend changes as required to Non-North American equity structure	Investment managers adding value compared to other investment managers	Met	n/a
Efficient use of Plan's resources	Operate within approved budget	Actual expenditures equal to or less than budgeted amounts	Met	Met
	Review and make recommendations for administration expenses allocation to each fund.	Review and implement changes as approved	Met	Met

Notes:

A The real rate of return for the Diversified Fund was 5.9% (gross of fees) over the rolling 10 years while the Consumer Price Index plus 3% was 5.0% for the period.

B Greystone Managed Investments Inc.'s Canadian equity return was 2.1% on a 4-year annualized basis while the benchmark was 4.0% for the period. Greystone's Non-North American equity mandate (sub-contracted to Goldman Sachs Asset Management) return was -6.9% on a 4-year annualized basis while the benchmark was -6.5% for the period.
State Street Global Advisor's U.S. equity large cap mandate return was -3.1% on a 4-year annualized basis while the benchmark was -2.8% for the period and their mid-cap mandate return was 1.9% on a 4-year annualized basis while the benchmark was 2.1% for the period.

C Greystone Managed Investments Inc.'s Canadian equity return was 2.9% on a 4-year annualized basis while the benchmark was 3.9% for the period and their U.S. equity return was -3.4% on a 4-year annualized basis while the benchmark was -3.3% for the period.
State Street Global Advisor's U.S. equity mid cap mandate return was -1.8% on a 4-year annualized basis while the benchmark was -1.6% for the period.

Balanced Scorecard

Customer Perspective

Strategic Objective	Performance Measure	2010 Target	2010 Results	2009 Results
Effective communication	Provide timely and accurate information to customers	Meet key performance indicators 100% of the time	Met	Met
	Review of frequency and content of the Plan's newsletter (*The Capital Report*)	Complete review and implement approved changes	Met	n/a
	Investigate feasibility of additional communication methods	Complete investigation	Met	n/a
	Roll out secure website for employers	Make secure website available for employer contribution remittance reports	Met	n/a
Meet customer expectations	Expand satisfaction index to other aspects of service (i.e. newsletters, website, email)	Expand satisfaction index to other aspects of service	Met	Met

Growth and Innovation Perspective

Strategic Objective	Performance Measure	2010 Target	2010 Results	2009 Results
Plan retention	Implement retention strategy	Implement strategy	Met	On target
	Retention of inactive members in the Plan	Increase number of inactive plan members by 150	Not Met (see Note A)	n/a
	Retain participating employers	= > 95% retention for the year	Met	Met
Plan growth	Inform former Plan members of option of transferring into the Variable Benefit retirement option	N/A - Year 2 of 3-year cycle	Met	Met
	Develop marketing strategy	Develop strategy	Not Met (see Note B)	Deferred
Innovation	Implement strategic initiatives	Complete plan	Met	Met

Notes:

A There was a net increase of 115 inactive Plan members in 2010.

B The development of a marketing strategy is on hold at this time.

Balanced Scorecard

Internal Resources and Processes Perspective

Strategic Objective	Performance Measure	2010 Target	2010 Results	2009 Results
Professional and knowledgeable	Funds available and utilized by staff for training and professional development	Up to a maximum of 2.5% of budgeted payroll	Met	Met
	Staff compliant with professional organizations	100% compliant	Met	Met
	Provide staff with tools to complete responsibilities	All tools as required	Met	Met
	Efficient, reliable & secure IT infrastructure & system software	Available 99% of the time	Met	Met
Leadership	Promote a professional, ethical and equitable corporate culture	Favorable rating on CIC employee survey	Met	Met
	Provide expertise and guidance to support Pension Board	Plan Administration Performance Index > 75%	Met	Met

Accountability Perspective

Strategic Objective	Performance Measure	2010 Target	2010 Results	2009 Results
Approval of SIP&G	Review and approval of SIP&G for the Defined Contribution Fund (DCF) and Retirement Annuity Fund (RAF)	Annual review and approval of SIP&G	Met	Met
Compliance with investment mandates	Investment manager compliance reports	0% significant compliance issues	Met	Met
	Third party verification of investment managers compliance reports	0% significant compliance issues	Met	Met
Timely and effective reporting	Provide Pension Board with timely reports and information as required	Plan Administration Performance Index provide info to Board > 75%	Met	Met
Compliance with policies and legislation	Compliance with established policies and legislation requirements	No Provincial Audit recommendation	Met	Met
	Comprehensive review of Plan Text	Complete review and change as required	Not Met (see Note A)	n/a
	Validate pension benefit payments through Retirement Annuity Fund (RAF)	Receive written confirmation	Met	Met
Compliance with best practices	Compliance with CAP Guidelines	100% compliant	Met	Met
	Compliance with CAPSA Guidelines	100% compliant	Met	Met

Notes:

A Review of Plan Text completed by Consultant by end of December 2010, scheduled to be approved and restated by end of Q2 2011.

Three Year Performance Plan

Financial Perspective

Strategic Objective	Performance Measure	Forecast 2011	2012	2013
Acceptable risk	Investment managers are in compliance with the investment strategies as per SIP&G	Zero significant compliance issues		
	Independent actuary verification of RAF immune to change in interest rates and long-term solvency	Bond portfolio duration to Actuarial liability duration ratio > 1		
		Solvency ratio > 1		
Acceptable investment returns	Review and report on performance for Diversified Fund and Pre-Retirement Fund in relation to benchmarks	Gross fund return is equal to or greater than benchmark return over rolling 4-year periods		
		Diversified Fund real rate of return > 3% above CPI over rolling 10 years		
	Review and report on performance of Diversified Fund, Pre-Retirement Fund and Retirement Annuity Fund by individual Fund manager and by asset class in relation to benchmarks	Gross return of investment manager by asset class is equal to or greater than benchmark return by asset class over rolling 4-year periods		
Efficient use of Plan's resources	Operate within approved budget	Actual expenditures equal to or less than budgeted amounts		

Customer Perspective

Strategic Objective	Performance Measure	Forecast 2011	2012	2013
Effective communication	Provide timely & accurate information to customers	Meet key performance indicators 100% of the time		
	Develop communication materials for investment choice*	Complete development	Keep material up to date	
	Develop investment choice primer session*	Complete development	Keep material up to date	
	Develop investment choice primer guide*	Complete development	Keep material up to date	
Meet customer expectations	Complete Plan Member Satisfaction Index results	Complete and report 75% or higher scoring	n/a Year 2 of 3 year cycle	n/a Year 3 of 3 year cycle

*pending project approval by Pension Board.

Three Year Performance Plan

Growth and Innovation Perspective

Strategic Objective	Performance Measure	Forecast 2011	2012	2013
Plan retention	Utilize retention strategy		Follow strategy	
	Increase total number of members in the pension plan	Increase total number of Plan members by 300	Increase total number of Plan members	
	Retention of inactive members in the Plan	increase number of inactive Plan members by 150	Increase number of inactive Plan members	
	Increase Variable Benefit members	Increase (net) number of Variable Benefit members by 50	Increase (net) number of Variable Benefit members	
	Retention of members 50 years and older	Increase number of members age 50 and older by 250	Increase number of members over 50 years of age	
	Retention of member assets in the Plan	Positive cash flow over 4 quarter rolling period		
	Retention of participating employers	= > 95% retention for year		
Plan growth	Inform former Plan members of option of transferring into Variable Benefit on a 3-year cycle	n/a Year 3 of 3 year cycle	Inform former members >age 50 of Variable Benefit option	n/a Year 2 of 3 year cycle
	Develop marketing strategy	Develop strategy	Implement strategy	Follow strategy
Innovation	Implement strategic initiatives		Complete plan	

Internal Resources and Processes Perspective

Strategic Objective	Performance Measure	Forecast 2011	2012	2013
Professional and knowledgeable	Funds available and utilized by staff for training and professional development	2.5% of budgeted payroll	As per CIC's policy	
	Staff compliant with professional organizations	100% compliant		
	Provide staff with tools to complete responsibilities	All tools as required		
	Efficient, reliable and secure IT infrastructure and system software	Available 99% of the time		
Leadership	Promote a professional, ethical, equitable and socially responsible corporate culture	Favorable rating on the CIC employee survey		
	Provide expertise and guidance to support the Pension Board	Plan Administration Performance Index score > 75%		

Three Year Performance Plan

Accountability Perspective

Strategic Objective	Performance Measure	Forecast 2011	2012	2013
Approval of SIP&G	Review and approval of SIP&G for Defined Contribution Fund and Retirement Annuity Fund	Annual review and approval of SIP&G		
Compliance with investment mandates	Investment manager compliance reports	0% significant compliance issues		
	Third party verification of investment managers compliance reports	0% significant compliance issues		
Timely and effective reporting	Provide Pension Board with timely reports and information as required	Plan Administration Performance Index providing info to Board >75%		
	Develop risk management assessment evaluation process	Develop evaluation process	Implement and use evaluation process	
Compliance with policies and legislation	Compliance with established policies and legislation requirements	No Provincial Audit recommendation		
	Comprehensive review and update of Governance manual	Complete the review and update	Review and update as warranted	
	Implement CEO/CFO Certification	Complete implementation	Update and change as necessary	
	Review and implement Plan Text changes that are required with implementation of investment choice	Complete review and implement changes	Make changes as necessary	
Compliance with best practices	Compliance with CAP Guidelines	100% compliant		
	Compliance with CAPSA Guidelines	100% compliant		

Service Providers

Diversified Fund Investment Managers

Connor, Clark & Lunn Investment Management Ltd. (CC&L), Vancouver, British Columbia
CC&L is a quantitative value style manager, responsible for a portion of the Fund's Canadian equity investment mandate.

Greystone Managed Investments Inc. (Greystone), Regina, Saskatchewan
Greystone (formerly Greystone Capital Management Inc.) is a growth at reasonable prices (i.e. GARP) manager, responsible for a diversified portfolio of Canadian and foreign equities, Canadian bonds, real estate and short-term investments. Greystone contracts Goldman Sachs Asset Management and Hansberger Global Investors to manage the Non-North American equities portion of its investment mandate.

State Street Global Advisors (SSgA), Toronto, Ontario
SSgA is an index (i.e. passive) manager, responsible for a portion of the Fund's U.S. equity and Canadian bond investment mandates.

Tweedy Browne Company, LLC (Tweedy), New York, New York
Tweedy is a value style manager, responsible for a portion of the Fund's Non-North American equity investment mandate.

Pre-Retirement Fund Investment Manager

Greystone Managed Investments Inc. (Greystone), Regina, Saskatchewan
Greystone (formerly Greystone Capital Management Inc.) manages the entire portfolio for the Pre-Retirement Fund.

Retirement Annuity Fund Investment Manager

Greystone Managed Investments Inc. (Greystone), Regina, Saskatchewan
Greystone (formerly Greystone Capital Management Inc.) manages the entire portfolio for the Retirement Annuity Fund.

Investment Consultant

AON Hewitt (formerly Hewitt Associates)
Regina, Saskatchewan

Auditors

KPMG, LLP
Regina, Saskatchewan

Custodian

RBC Dexia
Calgary, Alberta

Actuary

AON Hewitt (formerly AON Consulting Inc.)
Saskatoon, Saskatchewan

Benchmarks

91-day T-Bills
Canadian treasury bills represent the highest quality short-term investment available. The index is constructed by selling and repurchasing Government of Canada T-Bills with an average term to maturity of 91 days.

Consumer Price Index (CPI)
CPI measures the relative prices at various times of a select group of goods and services which typify those purchased by urban families. It is used to gauge Canada's inflation rate. The series used is the all items, not seasonally adjusted, 1992 base.

DEX Long-Term Bond Index
The DEX Long-Term Bond Index is a capitalization-weighted index containing bonds with a term to maturity of greater than 10 years. It includes approximately 300 marketable Canadian bonds. Average term is 22.3 years and the average duration is 12.7 years.

DEX Universe Bond Index
The DEX Universe Bond Index covers all marketable Canadian bonds with a term to maturity of more than one year. The Universe contains approximately 1,000 marketable Canadian bonds with an average term of 9.3 years and an average duration of 6.2 years. The purpose of the Index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Index.

Hewitt Manager Universe
The Hewitt Manager Universe is a database of active manager returns, using both composite and pooled fund returns.

IPD Index
The ICREIM/IPD Canadian Property Index is published by the Investment Property Databank Ltd., under contract with the Canadian Institute of Real Estate Investment Managers. The IPD Index measures total returns on a diversified pool of properties. IPD compiles property level information from pension funds, life insurance companies and real estate managers on a quarterly basis. The index contains over 2,200 properties and is estimated to represent approximately 50% of institutional holdings and publicly listed vehicles.

MSCI EAFE Index
The Morgan Stanley Capital International Europe, Australasia and Far East Index is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 21 European and Pacific Basin countries and includes reinvestment of all dividends. This index aims to capture 85% of the free float adjusted market capitalization in each industry group in each country.

S&P 500 Index
The Standard and Poors 500 Index measures the total return attributable to the 500 largest capitalized companies on the U.S. stock exchanges.

S&P 500 Index (Hedged to $C)
A synthetic hedging model constructed by Northwater Capital Management Corporation. Through the use of derivative products the return of the index is hedged to Canadian dollars eliminating currency risk.

S&P 400 Index (Hedged to $C)
The S&P 400 Index consists of 400 medium-sized companies chosen for market size, liquidity and industry group representation. The index is hedged back into Canadian dollars to mitigate currency risk. It is a market value weighted index and was the first benchmark for mid cap stock price movement.

S&P/TSX Index
The S&P/TSX Index comprises over two-thirds of the market capitalization for Canadian-based Toronto Stock Exchange listed companies. The index is calculated on a float market capitalization and is the broadest Canadian equity index available and serves as the premier benchmark for Canadian pension funds and mutual market funds.

Financial Statements of

CAPITAL PENSION PLAN

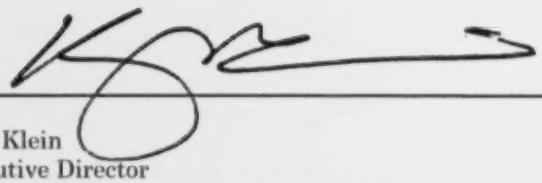
Year ended December 31, 2010

Management's Responsibility for Financial Reporting

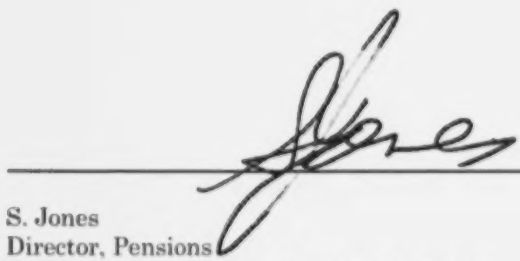
The financial statements and information contained in this 2010 Annual Report have been prepared by management of the Capital Pension and Benefits Administration and have been approved by the Pension Board. Information presented in this Annual Report that relates to the operation and financial position of the Capital Pension Plan is consistent with that in its financial statements.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the adequacy of the internal controls which ensures the reliability and integrity of the financial statements and other information presented in this Annual Report.

KPMG, the Plan's external auditor, provides independent audit of the financial statements. Its examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures that allow it to report on the fairness of presentation of its financial statements prepared by management.



K.M. Klein
Executive Director
Capital Pension & Benefits Administration
March 23, 2011



S. Jones
Director, Pensions
Capital Pension & Benefits Administration
March 23, 2011

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the accompanying financial statements of Capital Pension Plan, which comprise the statement of net assets available for benefits as at December 31, 2010, and the statement of changes in net assets available for benefits for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of Capital Pension Plan as at December 31, 2010, and the changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
March 1, 2011

CAPITAL PENSION PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

As at December 31

	2010			2009		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Assets						
Investments (Note 3)	$ 961,360	$ 44,400	$ 1,005,760	$ 879,462	$ 42,621	$ 922,083
Cash	1,015	31	1,046	1,394	28	1,422
Contributions receivable	331	-	331	369	-	369
Interest and dividends receivable	1,699	259	1,958	1,496	303	1,799
Capital assets (Note 7)	50	-	50	207	-	207
Total assets	964,455	44,690	1,009,145	882,928	42,952	925,880
Liabilities						
Accounts payable (Note 10)	1,857	7,097	8,954	672	7,075	7,747
Prepaid participants' contributions	240	-	240	222	-	222
Provision for annuity benefits (Note 9)	-	25,334	25,334	-	24,186	24,186
Total liabilities	2,097	32,431	34,528	894	31,261	32,155
Net assets available for benefits	$ 962,358	$ 12,259	$ 974,617	$ 882,034	$ 11,691	$ 893,725

(see accompanying notes)

On behalf of the Pension Plan Board of Directors:

Director

Director

CAPITAL PENSION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

As at December 31

	2010			2009		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Increase in Assets						
Investment income (Note 4)	$ 52,922	$ 1,508	$ 54,430	$ 35,912	$ 1,851	$ 37,763
Net unrealized change in fair value of investments	38,161	1,823	39,984	72,900	(629)	72,271
Contributions and transfers in (Note 5)	35,016	758	35,774	35,654	489	36,143
	126,099	4,089	130,188	144,466	1,711	146,177
Decrease in Assets						
Withdrawals and transfers out (Note 6)	41,942	2,230	44,172	30,577	2,277	32,854
Increase in provision for annuity benefits (Note 9)	-	1,148	1,148	-	2,241	2,241
Operating expenses	3,833	143	3,976	3,382	136	3,518
	45,775	3,521	49,296	33,959	4,654	38,613
Increase (decrease) in net assets available for benefits	80,324	568	80,892	110,507	(2,943)	107,564
Net assets available for benefits, beginning of year	882,034	11,691	893,725	771,527	14,634	786,161
Net assets available for benefits, end of year	$ 962,358	$ 12,259	$ 974,617	$ 882,034	$ 11,691	$ 893,725

(see accompanying notes)

1. Description of Plan

The following description of Capital Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Text.

a) The Plan was established pursuant to **The Crown Corporations Act, 1978** and is continued under **The Crown Corporations Act, 1993**. It is a Registered Pension Plan legislated under **The Pension Benefits Act, 1992** and is not subject to income taxes under the **Income Tax Act.** The Plan is available to corporations both in the public and private sector (participants) upon approval of the Plan's Board of Directors.

b) The Plan is comprised of a Defined Contribution Fund (DCF) and a Retirement Annuity Fund (RAF). The DCF and RAF assets are invested separately and managed by professional investment managers whose investment objectives and performance is measured against objectives established by the Capital Pension Plan Board of Directors as outlined in the Statement of Investment Policies and Goals.

i) Defined Contribution Fund (DCF)

The DCF receives and holds, in trust, member and participant contributions as well as the related investment income derived from these contributions. There are two investment options available to DCF members, the Diversified Fund (DF) and the Pre-Retirement Fund (PRF). The total amount available to a member upon termination or retirement is equal to the particular member's account balance at that date, subject to certain vesting and other specific rules governing the Plan.

A Variable Benefit (VB) pension option is available to eligible current and former DCF members as a retirement income alternative. This option allows for payments to be paid to members through either lump-sum withdrawals or periodic payments subject to minimum withdrawals set by the **Income Tax Act**. VB members' equity remains invested in the DCF.

ii) Retirement Annuity Fund (RAF)

The RAF was established to provide Plan members with the option of purchasing a life annuity upon retirement. If the member elects to purchase a life annuity from the RAF, the individual's account balance is transferred from the DCF to the RAF and a pension annuity contract is established based on current interest rates and group annuity mortality tables.

c) Crown Investments Corporation of Saskatchewan is the sponsor for the Pension Plan, and as such, is ultimately responsible for any shortfalls that may occur in RAF. The DCF has no responsibility to fund any shortfalls that may arise in the RAF.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

In 2010, the Canadian Accounting Standards Board issued Section 4600, Pension Plans as Part IV of the CICA Handbook applying to pension plan financial reporting in fiscal years beginning on or after January 1, 2011 including comparative prior year figures. Part IV requires each pension plan to select an appropriate accounting platform. Therefore, the Plan has selected International Financial Reporting Standards (IFRS) as its platform.

For 2011, Plan Management will continue with its plan to convert to IFRS. The plan includes designing financial statements to support accounting and disclosure requirements, compiling historical data for comparatives, analyzing system and business processes, evaluating internal controls over financial reporting and staff training.

The following are considered to be the Fund's significant accounting policies:

a) Net assets available for benefits

i) Defined Contribution Fund

This amount represents the difference between the DCF's assets and liabilities and is for the exclusive use of the DCF members for providing retirement income.

ii) Retirement Annuity Fund

This amount represents the difference between the RAF's assets and liabilities and is available to meet the payment obligations of current and future annuitants.

2. Significant Accounting Policies (continued)

b) Valuation of assets and liabilities

Plan assets and liabilities are valued and recorded as follows:

i) Investments

All investments are carried at fair value (note 4). Bonds, debentures and equities that are listed upon a recognized public exchange are recorded at their closing bid price on the valuation date. Those investments not traded on the valuation date are recorded at a price between the latest closing ask and bid prices. Those investments not listed upon any exchange are recorded in the same manner as above based upon available public quotations in common use or at a price estimated to be the fair value thereof.

Pooled funds are recorded at fair value based on the quoted market values of the underlying investments. Short-term investments are recorded at cost which approximates fair value due to the short term to maturity. Segregated real estate investments are recorded at fair value using an independent appraisal system that considers such factors as replacement cost and earnings results.

ii) Cash, receivables and payables

Cash, contributions receivable, interest and dividends receivable, accounts payable and prepaid participants contributions are recorded at cost which approximates fair value due to their immediate or short term maturity.

iii) Provision for annuity benefits

The provision for annuity benefits is carried at the actuarial present value of the future expected annuity benefit obligation to pensioners.

iv) Capital assets

Capital assets are recorded at cost less accumulated amortization (note 8). Amortization is recorded on a straight line basis over their estimated useful lives as follows:

Computer equipment & software	3-5 years
Office furniture	5 years
Leasehold improvements	5 years

c) Investment Income and transaction costs

Investment income, which is recorded on an accrual basis, includes interest income, dividends, real estate operating income, and net gains or losses from sales of securities or real estate.

Investment transactions are recorded on their respective trade date. Investment transaction costs are recognized in the Statement of Changes in Net Assets Available for Benefits in the period incurred.

d) Foreign currency translation

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the year end date. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

e) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments and provision for annuity benefits. Actual results could differ from these estimates.

3. Investments

a) Defined Contribution Fund investments consist of the following:

	2010	2009
	(thousands of dollars)	
Bonds and debentures		
Government of Canada	$ 63,555	$ 55,895
Province of Saskatchewan	4,773	4,199
Other provincial	33,048	37,152
Municipal	6,270	4,693
Foreign	1,548	1,771
Corporate and convertible	58,422	59,126
	167,616	162,836
Pooled funds		
Greystone Money Market Fund	34,163	34,196
SSgA Canadian Fixed Income Index Fund	112,571	105,383
Greystone Canadian Real Estate Fund	42,149	34,243
SSgA S&P Midcap Index Securities Lending Common Trust Fund	30,720	24,793
SSgA S&P 500 Index Fund Hedged	72,784	64,193
Greystone EAFE Plus Fund	86,581	64,843
CC&L Canadian Q Value Fund	114,033	96,047
	493,001	423,698
Short-term investments	33,794	27,395
Equities	266,948	250,668
Real estate	1	14,865
	300,743	292,928
	$ 961,360	$ 879,462

b) Retirement Annuity Fund investments consist of the following:

	2010	2009
	(thousands of dollars)	
Bonds and debentures		
Government of Canada	$ 9,882	$ 9,412
Province of Saskatchewan	2,121	3,018
Other provincial	20,361	18,927
	32,364	31,357
Pooled funds		
Greystone Canadian Equity Fund	2,313	1,966
Greystone EAFE Plus Equity Fund	193	187
Greystone Money Market Fund	7,263	7,223
	9,769	9,376
Short-term investments	2,267	1,888
	$ 44,400	$ 42,621

c) Bonds and debentures

For the DCF, fixed income bonds have effective rates ranging between 0.09% and 6.18% and coupon rates between 0.00% and 11.00% (2009 - effective rates of 0.50% to 7.90%, coupon rates of 0.59% to 11.00%). For the RAF, fixed income bonds and debentures have effective rates of 1.24% to 4.73% and coupon rates of 0.00% to 10.25% (2009 - effective rates of 0.39% to 5.28%, coupon rates of 0.00% to 10.25%).

3. Investments (continued)

The carrying value amount is shown by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without penalties.

Bonds and debentures term to maturity – carrying value:

	2010			2009		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Government of Canada						
Due < 1 year	$ 11,680	$ 1,055	$ 12,735	$ -	$ 94	$ 94
1-5 years	30,182	1,764	31,946	31,454	2,261	33,715
After 5 years	21,693	7,063	28,756	24,441	7,057	31,498
Province of Saskatchewan						
Due < 1 year	-	-	-	-	975	975
1-5 years	-	253	253	-	-	-
After 5 years	4,773	1,867	6,640	4,199	2,043	6,242
Other provincial						
Due < 1 year	-	-	-	-	162	162
1-5 years	676	4,206	4,882	4,926	2,565	7,491
After 5 years	32,372	16,156	48,528	32,226	16,200	48,426
Municipal						
After 5 years	6,270	-	6,270	4,693	-	4,693
Foreign						
Due < 1 year	164	-	164	-	-	-
1-5 years	1,384	-	1,384	1,465	-	1,465
After 5 years	-	-	-	306	-	306
Corporate and convertible						
Due < 1year	2,783	-	2,783	1,970	-	1,970
1-5 years	15,576	-	15,576	24,262	-	24,262
After 5 years	40,063	-	40,063	32,894	-	32,894
	$ 167,616	$ 32,364	$ 199,980	$ 162,836	$ 31,357	$ 194,193

d) Pooled funds

Pooled fund investments are governed by the specific policies instituted by the investment manager for each fund. The Pension Board has reviewed the guidelines for these investments and determined that they are acceptable.

The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

i) Greystone Money Market Fund

The Greystone Money Market Fund holds investments in treasury bills, notes and commercial paper.

ii) SSgA Canadian Fixed Income Index Fund

The SSgA Canadian Fixed Income Index Fund holds investments in Canadian issued fixed income securities such as bonds, debentures, notes or other debt investments included in the calculation of the DEX Universe Bond Index.

3. Investments (continued)

iii) Greystone Canadian Real Estate Fund

The Greystone Canadian Real Estate Fund holds equity interests in, and mortgages of, Canadian real estate. Fund assets may also be invested in securities or bonds issued by tax exempt real estate corporations, pension corporations and other borrowers permitted under insurance or pension legislation where the asset underlying the security or bond is a mortgage or real estate equity.

iv) SSgA S&P Midcap Index Securities Lending Common Trust Fund

The SSgA S&P Midcap Index Securities Lending Common Trust Fund holds investments in U.S. common stocks which are contained in the Standard & Poor's Midcap Index. In order to protect the Fund against foreign currency risk, the Fund enters into monthly currency forward contract agreements where Canadian Dollars are purchased against U.S. dollars. At December 31, 2010 the fair value of these contracts is $0.95 million (2009 - $0.13 million) and included in the fund balance. At December 31, 2010, these contracts had notional amounts totaling $30.33 million all expiring in 2011.

v) SSgA S&P 500 Index Fund Hedged

The SSgA S&P 500 Index Fund Hedged holds investments in U.S. common stock which are contained in the Standard & Poor's 500 Index. In order to protect the Fund against foreign currency risk, The Plan enters into monthly currency forward contract agreements where Canadian Dollars are purchased against U.S. dollars.

vi) Greystone EAFE Plus Fund

The Greystone EAFE Plus Fund holds investments in international securities defined as issues traded on exchanges and over-the-counter markets in the countries that comprise the MSCI EAFE Index and the MSCI Emerging Market Index.

vii) CC&L Canadian Q Value Fund

The CC&L Canadian Q Value Fund primarily holds investments in equities and income trusts traded on recognized Canadian exchanges, rights, warrants, cash and cash equivalents, and derivatives (non-leveraging). The Fund's investment in a single stock may not exceed 15% of the equity portfolio and will not hold less than 50 securities at any time.

viii) Greystone Canadian Equity Fund

The Greystone Canadian Equity Fund primarily holds investments in equities and income trusts traded on recognized Canadian exchanges.

e) Short-term investments

These investments are comprised of treasury bills, notes and commercial paper with effective interest rates of 0.92% to 1.20% (2009 – 0.20% to 0.30%). Interest is receivable at maturity.

f) Equities

The DCFs' investment policy allows investments in equities and income trusts traded on recognized exchanges, convertible debentures, rights, warrants, installment receipts, exchange traded index participation units and limited partnerships and private placement equity. No one holding can represent more than 10% of the fair value of the portfolio and no one holding to represent more than 10% of the common stock in any corporation.

g) Real estate

Investments in real estate consist of Canadian commercial property. The risk associated with real estate is minimized through diversification across property type, geographical distribution and investment size.

3. Investments (continued)

h) Determination of fair value

The Plan has classified its required fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under this structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The following table classifies the Plan's required financial instruments for both the DCF and RAF within a fair value hierarchy:

	(thousands of dollars)			
	Level 1	Level 2	Level 3	Total
Short term investments	$ 36,061	$ -	$ -	$ 36,061
Bonds and debentures	199,980	-	-	199,980
Pooled fixed income and money market funds	153,997	-	-	153,997
Pooled equity funds	306,624	-	-	306,624
Pooled real estate funds	-	42,149	-	42,149
Equities	266,948	-	-	266,948
Real estate	-	1	-	1
Total	$ 963,610	$ 42,150	$ -	$ 1,005,760

i) Financial risk management

The investment objectives of the Plan are to maximize retirement wealth; ensure sufficient assets exist to meet future pension obligations; and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's obligations, the Plan takes a long-term investment perspective. In order to achieve these goals, the Plan invests in a variety of investments. These investments have varying levels of risk and are also subject to different types of risk.

The associated risks include credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk. Changes in these risks can affect the value of investments. These risks are managed by employing an investment policy, which is approved annually by the Pension Board. This policy provides portfolio asset mix guidelines to the Plan's investment managers regarding quality and quantity of fixed income investments, real estate and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in different domestic and foreign markets.

The DCF primarily utilizes an active management investment strategy which has a greater proportion of its investments in equities as opposed to fixed income assets. The RAF, alternatively, has a low risk tolerance and invests primarily in high quality fixed income investments with a lesser portion invested in equities.

i) Credit risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. Credit risk within investments is primarily related to short-term investments, bonds and debentures, and the fixed income pooled funds. The Plan is also exposed to counterparty credit risk on forward currency contracts described in note 3(d)(iv). The Plan limits credit risk by setting investment restrictions and quality standards within its Statement of Investment Policies and Goals.

The minimum quality standard for government bonds and debentures is "BBB" or equivalent as rated by a recognized bond rating agency, at the time of purchase. Corporate bonds for RAF must meet a minimum quality standard of "A", at the time of purchase. The Plan's investment policy limits each investment Manager's bond portfolio concentration in any one single issuer (and its related companies) to 10% (except for federal and provincial) of their total portfolio. No more than 20% of the market value of a Manager's bond portfolio shall be invested in bonds of foreign issuers. "BBB" holdings cannot exceed 15% of the market value of the bond portfolio.

3. Investments (continued)

The following table lists the segregated bond and debenture holdings for both the DCF and RAF by credit rating and identifies their corresponding portfolio weighting.

	(thousands of dollars)			
Credit Rating	2010	%	2009	%
AAA	$ 81,850	40.93	$ 79,326	40.85
AA	70,439	35.22	60,276	31.04
A	38,243	19.12	49,344	25.41
BBB	9,448	4.73	5,247	2.70
Total	$ 199,980	100.00	$ 194,193	100.00

The minimum quality standard for individual short-term investments is "R-1" or equivalent rating as rated by a recognized bond rating agency, at the time of purchase.

The value of the fixed income pooled funds is impacted by the credit risk of the underlying investments which is governed by the pooled fund's guidelines.

At December 31, 2010, the Plan's maximum credit risk exposure relates to bonds and debentures, short term investments, and the fixed income and money market pooled funds totaling $390.04 million (2009 - $370.28 million).

ii) Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's net assets available for benefits and changes in net assets available for benefits. At December 31, 2010, the Plan holds 43% (2009 – 45%) in fixed income investments which includes short term investments, bonds and debentures and pooled funds.

The Plan manages interest rate risk by investing in a well diversified portfolio of interest-sensitive asset classes and investments subject to other risks within the asset mix guidelines provided in the Statement of Investment Policies and Goals. The DCF predominantly uses active management which provides the opportunity to mitigate or take advantage of changes in interest rates. The RAF is managed by investing in fixed income investments that provide cash flows that match payments to annuitants.

Duration is a measure used to estimate the extent market values of fixed income investments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase (decrease) in interest rates would decrease (increase) net assets available for benefits by approximately $21 million at December 31, 2010; representing 4.89% (December 31, 2009 – 4.79%) of the fair value of fixed income investments.

b) Foreign exchange risk

The Plan is exposed to currency risk through the holding of foreign equities, foreign equity pooled funds and foreign bonds and debentures where investment values may fluctuate due to changes in foreign exchange rates. This risk is managed by limiting the amount of investments denoted in foreign currencies and by investing in securities that are strategically distributed over several geographic areas. As well, a portion of the foreign equities investments are hedged against foreign currency fluctuations.

At December 31, 2010, the Plan's foreign currency exposure was $94.45 million (2009 - $88.43 million) in U.S. equities and bonds and debentures and $162.81 million (2009 - $137.57 million) in equities originating from Europe, Australia, and the Far East (EAFE). If the Canadian dollar appreciated (depreciated) 10% versus the U.S. dollar exchange rate, it would result in approximately a $9 million decrease (increase) in net assets available for benefits. A 10% weakening (strengthening) in the Canadian dollar versus the EAFE currencies would result in approximately a $16 million increase (decrease) in net assets available for benefits.

3. Investments (continued)

c) Equity price risk

Equities comprise approximately 57% (2009 – 55%) of the Plan's total investments. The individual stock holdings are diversified by geography, industry type and corporate entity. The diversification strategy means the Plan is susceptible to equity price changes in the Canadian, U.S. and EAFE markets.

The key indices that represent these markets are used to measure plan performance. The performance of the Plan's assets invested in these markets will be similar to the performance of the corresponding index.

The following table indicates the approximate change that would be expected to the net assets available for benefits based on changes in the Plan's benchmark indices at December 31, 2010:

	(thousands of dollars)	
	10% increase	10% decrease
S&P/TSX Composite Index	$ 21,436	$ (21,436)
S&P 500 Index	16,568	(16,568)
S&P 400 Index	3,072	(3,072)
MSCI EAFE Index	16,281	(16,281)

No one investee or related group of investees represents greater than 10% of the market value of the Plan's common share portfolio. As well, no one holding represents more than 10% of the voting shares of any corporation.

iii) Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its contractual financial liabilities as they fall due. The Plan's contractual financial liabilities fall under three categories: accounts payable, prepaid participants contributions and the provision for annuity benefits.

The Plan's cash resources are managed daily based on anticipated cash flows. The cash requirement for the accounts payable and prepaid participant contributions obligations is managed through money market investments, short term investments and contributions to the Plan. The Provision for Annuity Benefits cash requirement is managed through short term investments, bond and debenture interest and investment maturities.

The following table summarizes the estimated contractual maturities of the Plan's financial liabilities at December 31:

	2010			2009		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Accounts payable						
Due < 1 year	$ 1,857	$ 38	$ 1,895	$ 672	$ 33	$ 705
1-5 years	-	7,059	7,059	-	7,042	7,042
Pre-paid participant contributions						
Due < 1 year	240	-	240	222	-	222
Provision for annuity benefits						
Due < 1 year	-	2,173	2,173	-	2,174	2,174
1-5 years	-	8,318	8,318	-	8,355	8,355
After 5 years	-	14,843	14,843	-	13,657	13,657
	$ 2,097	$ 32,431	$ 34,528	$ 894	$ 31,261	$ 32,155

3. Investments (continued)

j) Securities Lending

The Plan's Statement of Investment Policies and Goals allows for the lending of its segregated securities to counterparties in exchange for pledged collateral for the purpose of generating revenue. The Statement also allows this practice to be done from within certain pooled fund investments it holds. For securities held in Canada, the current practice is to obtain collateral of at least 105% of the market value of the securities lent. For U.S. held securities, the practice is to obtain collateral of at least 102% of the market value. Acceptable collateral pledged for securities on loan includes cash, readily marketable government bonds, treasury bills, letters of credit, discount notes and banker's acceptances of Canadian chartered banks. The Plan does not disclose securities lending information for its pooled fund investments with securities lending programs. In these investments, the fund itself holds title to the individual securities on loan and is subsequently responsible for securing appropriate collateral. The Plan, as a fund unit holder, shares the revenues, gains or losses that result from securities lending with all other unit holders.

The following table outlines the market value of the segregated securities on loan and corresponding pledged collateral:

	2010			2009		
	Loaned Amount	Collateral Pledged	%	Loaned Amount	Collateral Pledged	%
	(thousands of dollars)					
Canadian held securities	$ 80,490	$ 84,520	105.00	$ 50,760	$ 53,950	106.30

4. Investment Income

Investment income is comprised of the following:

	2010			2009		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Bond and debenture interest	$ 14,109	$ 1,445	$ 15,554	$ 13,656	$ 1,525	$ 15,181
Interest on short-term investments	402	52	454	675	58	733
Dividends	9,439	48	9,487	9,132	45	9,177
Income from real estate	2,065	-	2,065	1,474	-	1,474
Net gain (loss) on sale of bonds and debentures	3,422	(37)	3,385	955	269	1,224
Net gain (loss) on sale of equities	20,157	-	20,157	(5,705)	(46)	(5,751)
Net gain on sale of real estate	3,328	-	3,328	15,725	-	15,725
	$ 52,922	$ 1,508	$ 54,430	$ 35,912	$ 1,851	$ 37,763

5. Contributions and Transfers In

Contributions and transfers in are comprised of the following:

	2010			2009		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Participants' contributions	$ 16,619	$ -	$ 16,619	$ 16,251	$ -	$ 16,251
Members' contributions	14,165	-	14,165	13,891	-	13,891
Voluntary contributions	2,269	-	2,269	2,182	-	2,182
Transfers into the fund	2,721	-	2,721	3,819	-	3,819
Interfund transfers	(758)	758	-	(489)	489	-
	$ 35,016	$ 758	$ 35,774	$ 35,654	$ 489	$ 36,143

6. Withdrawals and Transfers Out

Withdrawals and transfers out are comprised of the following:

	2010			2009		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Withdrawals	$ 32,186	$ -	$ 32,186	$ 25,394	$ -	$ 25,394
Transfers to other pension plans	2,670	-	2,670	100	-	100
Payments to Variable Benefit Members	7,086	-	7,086	5,083	-	5,083
Payments to RAF Members	-	2,191	2,191	-	2,228	2,228
Provision for payments to members of the fund	-	39	39	-	49	49
	$ 41,942	$ 2,230	$ 44,172	$ 30,577	$ 2,277	$ 32,854

7. Capital Assets

Capital assets at cost less accumulated amortization:

			2010	2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		(thousands of dollars)		
Computer equipment and software	$ 1,009	$ 969	$ 40	$ 192
Office furniture	31	30	1	2
Leasehold improvements	16	7	9	13
	$ 1,056	$ 1,006	$ 50	$ 207

8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Funds by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

	2010			2009		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Participants' contributions	$ 11,052	$ -	$ 11,052	$ 11,078	$ -	$ 11,078
Investment income	217	121	338	199	214	413
Interest and dividends receivable	64	47	111	46	91	137
Contributions receivable	67	-	67	101	-	101

Other transactions and amounts due to and from related parties are described separately in these financial statements and the notes thereto.

9. Provision for Annuity Benefits

The provision for annuity benefits is the actuarial present value of the future expected annuity benefit obligation to pensioners as annually determined as at December 31 by an independent actuary. The actuarial valuation is a complex process requiring professional judgment on the part of the actuary. Measurement of this amount is uncertain, as estimates must be made of future interest rates and mortality rates. For purposes of this actuarial valuation, a discount rate of 4.85% (2009 – 5.60%) was used. Also, the 1994 mortality tables with mortality improvements projected to the year 2018 have been used. If the discount rate used increases by 1%, the provision for annuity benefits decreases by approximately $1.90 million or if the discount rate used decreases by 1%, the provision for annuity benefits increases by approximately $2.21 million. If average mortality age increases by 1.0 year the provision for annuity benefits increases by approximately $0.96 million.

The annual change in the provision is reflected in the Statement of Changes in Net Assets Available for Benefits. The principal components of the change during the year were as follows:

	2010	2009
	(thousands of dollars)	
Provision, beginning of year	$ 24,186	$ 21,945
Increase in provision due to new annuitants during year	623	402
Net change in provision due to loss from mortality	(56)	(324)
Expected annuity payments with interest	(2,291)	(2,310)
Interest on provision	1,354	1,602
Change in expense assumption	30	3
Change in discount rate and mortality assumptions	1,488	2,868
Provision, end of year	$ 25,334	$ 24,186

The fair value of the provision for annuity benefits has not been determined because it is not practicable to determine fair value with sufficient reliability, as these estimates are subject to uncertainty and vary according to the uncertainty inherent in the assumptions.

10. Accounts Payable

During the year, and based on a prior adjustment ruling in favor of a former participant, management has accrued an additional estimated liability of $0.02 million for a total reserve fund amount of $7.06 million (2009 – accrued amount $0.03 million, total amount of $7.04 million) payable to other members of the plan.

On August 31, 2009, the Plan received an order from the Saskatchewan Court of Queen's Bench providing direction on the distribution of the reserve fund. Subsequent to the order, an appeal was filed with the Saskatchewan Court of Appeals on September 30, 2009. The appeal is expected to be heard in 2011.

11. Investment Performance

The DCF and the RAF investments are managed by professional investment managers whose investment performance is measured against objectives established by the Capital Pension Plan Board of Directors as outlined in the Statement of Investment Policies and Goals. The DCF consists of two investment options available to plan members, the Diversified Fund (DF) and Pre-Retirement Fund (PRF).

The investment objective of the DF is to provide long-term growth within acceptable limits of risk. Based on this objective, the DF is a balanced fund including investments in equities, bonds and debentures, real estate and short term instruments.

The investment objective of the PRF is to preserve capital over the short-term. The PRF is invested solely in short-term money market instruments.

The investment managers make day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives of the Fund. The Board of Directors reviews the investment performance of the funds in terms of the performance of the benchmark portfolios over 4 year rolling periods. The primary long-term investment performance objective for each of the Funds is to outperform a benchmark portfolio.

The following is a summary of the DCF's investment performance, calculated before expenses:

	2010 Return		Rolling Four Year Return	
	Diversified Fund	Pre-Retirement Fund	Diversified Fund	Pre-Retirement Fund
Actual rate of return	10.9%	0.5%	2.7%	2.3%
Benchmark rate of return	9.4%	0.5%	1.7%	2.2%

The investment objective of the RAF is to provide sufficient liquidity to ensure payment to annuitants when due and to ensure long-term solvency of the Fund. The Fund pursues a duration matching investment strategy that immunizes the portfolio from interest rate fluctuations. As a result, there is no benchmark return for the RAF.

12. Comparative figures

Certain comparative figures have been restated to conform to the financial statement presentation adopted in the current year.